

MERCED COUNTY ECONOMIC FORECAST

Merced County is located in the San Joaquin Valley and is home to the newest University of California campus, UC Merced. The campus opened in September 2005 and now has more than 3,400 students. Long-range plans call for a maximum of 25,000 students by 2030. Merced County has a population of 259,000 people and 66,100 wage and salary jobs. The per capita income in Merced County is \$25,115, and the average salary per worker is \$39,829.

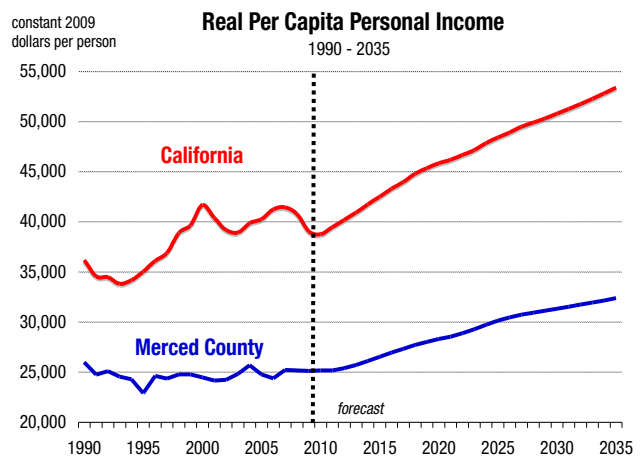
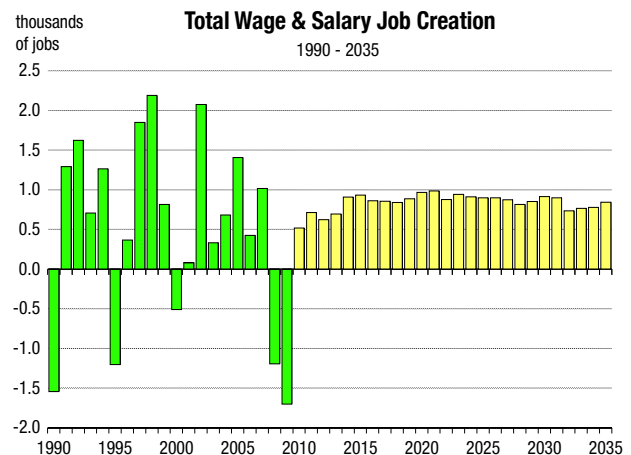
Employment in Northern California contracted during 2009, consistent with the rest of the state and nation. In 2009, 1,700 total wage and salary jobs were lost in Merced County, a decline of 2.5 percent. Farm employment, which accounts for 16 percent of total employment, declined by 1.5 percent or 170 jobs. The non-farm sectors lost 1,530 jobs, representing a growth rate of -2.7 percent. The average unemployment rate increased to 18.4 percent in 2009.

The only sectors to create jobs during 2009 were the government, professional business services, and transportation-warehousing-public utilities sectors. Combined they created just under 400 jobs. The largest sectors in the county are government, retail trade, manufacturing, and farm. Despite being small compared to most other employment sectors, construction suffered the largest job loss during 2009 at over 500 workers.

The population grew in Merced County at a rate of 1.1 percent in 2009. The fastest growing cities in the county are Livingston and Los Banos, which grew 2.0 and 1.4 percent respectively, between January 2008 and January 2009. Merced is the largest city in the county and is currently home to 80,542 residents.

FORECAST HIGHLIGHTS

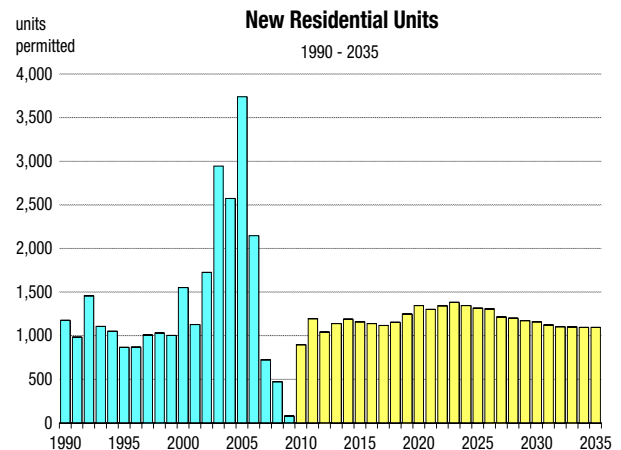
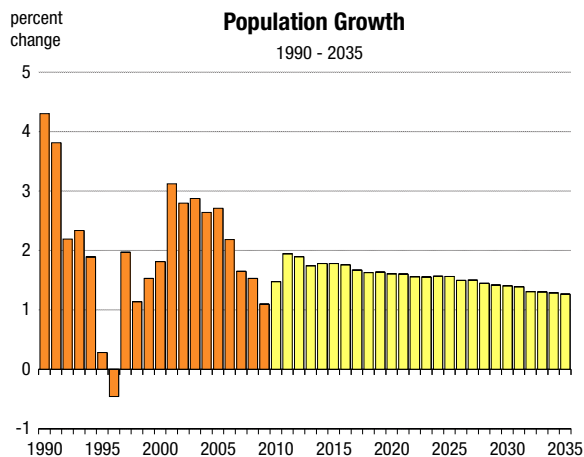
- Total wage and salary job growth is forecast to rebound to +0.8 percent in 2010. From 2010 to 2015, total employment growth averages 1.1 percent per year, while non-farm job growth averages 1.4 percent per year.
- Average salaries adjusted for inflation are currently below the California state average, and will remain so over the forecast period. Inflation adjusted salaries are expected to rise an average of 0.6 percent per year between 2010 and 2015.
- Between 2010 and 2015, the principle job creation occurs in the retail trade, construction, education and health services and government sectors. These sectors account for over 78 percent of all jobs created in the county from 2010 to 2015.
- The population in the county will continue to grow faster than the state average. Annual growth in the 2010 to 2015 period averages 1.8 percent per year.
- The forecast for net migration is positive at 500 people in 2010. From 2010 to 2015 net migration is expected to average approximately 1,300 people per year.
- Real per capita income will remain mostly unchanged, with an estimated 0.2 percent growth in 2010. Between 2010 and 2015 real per capita incomes are forecast to increase an average of 1.1 percent per year.
- Total taxable sales adjusted for inflation are expected to increase by an average of 2.6 percent per year during the 2010 to 2015 period.
- Industrial production is forecast to increase 0.5 percent in 2010. From 2010 to 2015 the growth rate of industrial production will average 2.2 percent per year.
- Farm production is forecast to increase by 1.3 percent per year between 2010 and 2015. The principal crop in the county is dairy products.



Merced County Economic Forecast

2002-2009 History, 2010-2035 Forecast

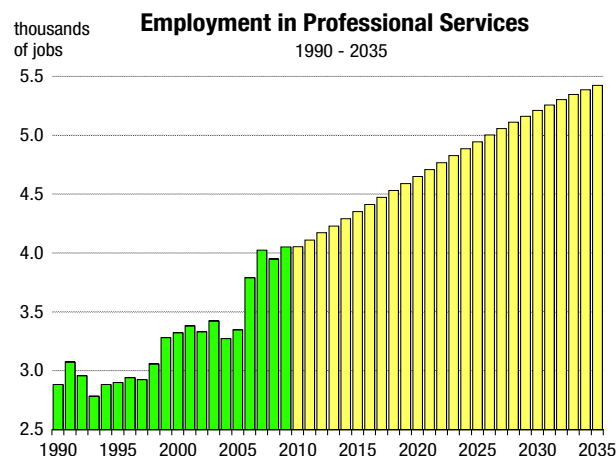
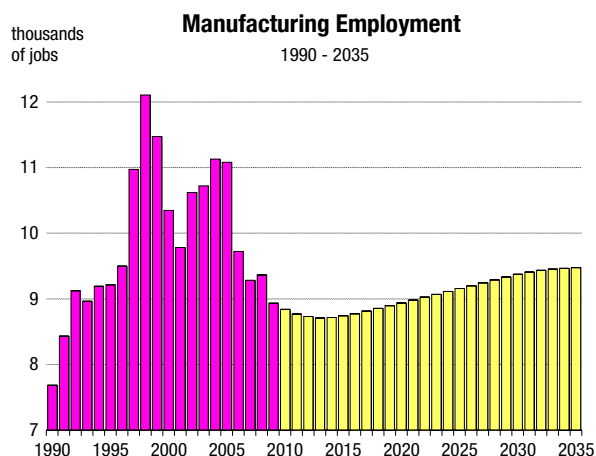
	Population (people)	Net Migration (people)	Registered Vehicles (thousands)	Households (thousands)	New Homes Permitted (homes)	Total Taxable Sales (billions)	Personal Income (billions)	Real Per Capita Income (dollars)	Inflation Rate (% change in CPI)	Real Farm Crop Value (billions)	Real Industrial Production (billions)	Unemploy- ment Rate (percent)
2002	223,914	3,550	181	66.0	1,726	\$1.86	\$4.6	\$24,220	1.6	2.02	1.38	11.0
2003	230,353	3,698	183	67.1	2,946	\$2.01	\$5.0	\$24,835	1.8	2.20	1.47	11.6
2004	236,438	3,309	197	69.2	2,576	\$2.27	\$5.4	\$25,694	1.2	2.68	1.61	11.0
2005	242,850	3,469	200	72.1	3,740	\$2.55	\$5.4	\$24,763	2.0	2.66	1.71	10.1
2006	248,155	2,220	204	74.9	2,147	\$2.62	\$5.6	\$24,366	3.2	2.46	1.67	9.5
2007	252,255	791	203	78.0	725	\$2.52	\$6.1	\$25,218	3.4	3.13	1.66	10.1
2008	256,114	667	202	79.1	473	\$2.46	\$6.4	\$25,175	3.0	3.03	1.73	12.7
2009	258,932	-487	202	79.5	80	\$2.38	\$6.5	\$25,115	0.8	2.89	1.73	18.4
2010	262,760	519	203	80.7	898	\$2.39	\$6.7	\$25,158	2.1	2.91	1.74	19.0
2011	267,877	1,662	205	81.8	1,196	\$2.45	\$7.1	\$25,182	2.4	3.00	1.75	16.7
2012	272,963	1,567	207	82.9	1,043	\$2.55	\$7.4	\$25,400	2.1	3.05	1.79	15.3
2013	277,732	1,206	209	84.0	1,142	\$2.69	\$7.8	\$25,704	2.2	3.09	1.83	14.0
2014	282,684	1,322	211	85.1	1,190	\$2.85	\$8.2	\$26,107	2.2	3.11	1.88	12.6
2015	287,718	1,345	214	86.3	1,161	\$3.04	\$8.7	\$26,529	2.2	3.10	1.94	11.8
2016	292,785	1,321	217	87.4	1,141	\$3.25	\$9.2	\$26,960	2.2	3.15	1.98	11.2
2017	297,679	1,113	220	88.5	1,118	\$3.45	\$9.7	\$27,311	2.2	3.18	2.04	11.0
2018	302,530	1,030	223	89.7	1,155	\$3.65	\$10.2	\$27,706	2.2	3.22	2.10	10.8
2019	307,491	1,099	226	90.8	1,251	\$3.87	\$10.7	\$28,012	2.2	3.27	2.17	10.4
2020	312,440	1,064	230	92.0	1,348	\$4.09	\$11.2	\$28,300	2.1	3.24	2.26	10.3
2021	317,456	1,092	233	93.2	1,302	\$4.33	\$11.8	\$28,532	2.5	3.21	2.33	10.2
2022	322,415	1,010	236	94.5	1,346	\$4.57	\$12.5	\$28,892	2.6	3.27	2.41	9.9
2023	327,427	1,033	239	95.8	1,383	\$4.82	\$13.1	\$29,275	2.5	3.32	2.48	9.7
2024	332,567	1,132	242	97.2	1,346	\$5.08	\$13.9	\$29,719	2.4	3.38	2.56	9.5
2025	337,774	1,177	245	98.5	1,316	\$5.37	\$14.6	\$30,136	2.5	3.43	2.64	9.3
2026	342,833	1,014	249	99.8	1,310	\$5.67	\$15.4	\$30,451	2.5	3.45	2.72	9.2
2027	347,984	1,078	252	101.1	1,215	\$5.97	\$16.2	\$30,725	2.6	3.46	2.81	9.1
2028	353,019	945	256	102.4	1,203	\$6.29	\$17.0	\$30,931	2.8	3.50	2.90	9.0
2029	358,031	900	260	103.6	1,175	\$6.62	\$17.8	\$31,128	2.7	3.52	3.00	8.8
2030	363,066	897	263	104.8	1,160	\$6.96	\$18.7	\$31,331	2.7	3.49	3.10	8.7
2031	368,110	880	267	106.0	1,124	\$7.31	\$19.5	\$31,537	2.7	3.45	3.20	8.6
2032	372,933	642	272	107.1	1,105	\$7.68	\$20.5	\$31,738	2.7	3.54	3.30	8.5
2033	377,803	658	276	108.3	1,103	\$8.07	\$21.4	\$31,945	2.7	3.61	3.40	8.5
2034	382,664	622	280	109.4	1,097	\$8.47	\$22.4	\$32,157	2.7	3.67	3.51	8.6
2035	387,519	591	284	110.5	1,096	\$8.89	\$23.5	\$32,383	2.7	3.68	3.62	8.6

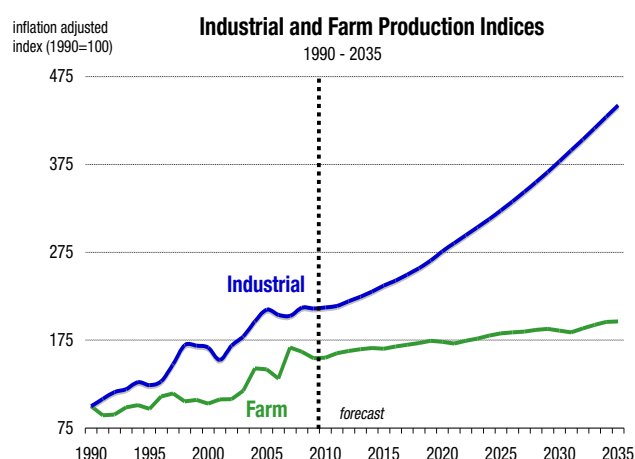
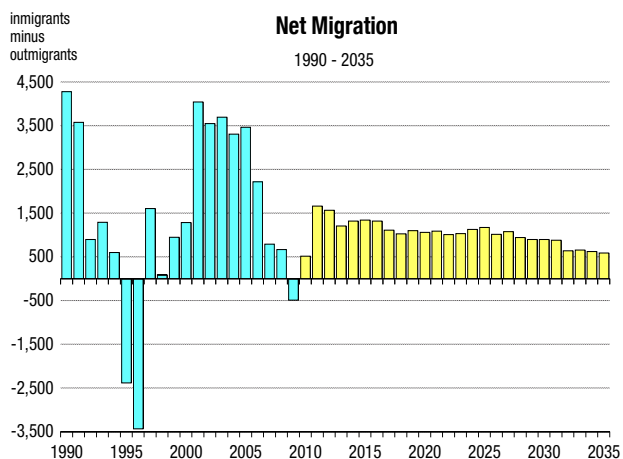
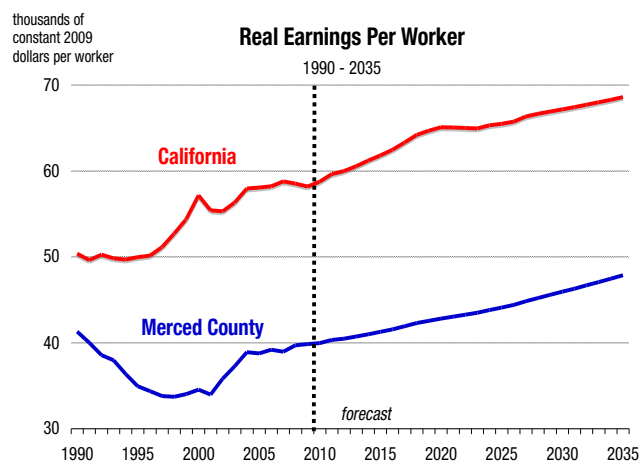
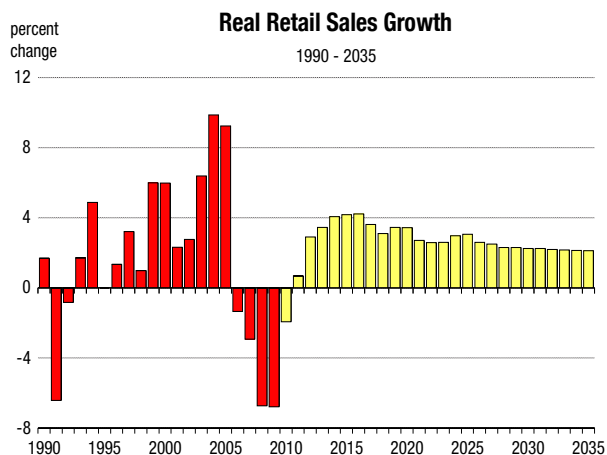


Merced County Employment Forecast

2002-2009 History, 2010-2035 Forecast

	Total Wage & Salary	Farm	Construction	Manufac- turing	Transportation & Utilities	Wholesale & Retail Trade	Financial Activities	Professional Services	Information	Health & Education	Leisure	Government
	-----employment (thousands of jobs)-----											
2002	65.2	10.8	2.4	10.6	2.3	8.6	1.7	3.3	1.5	5.4	4.5	13.2
2003	65.5	10.6	3.0	10.7	2.1	8.6	1.7	3.4	1.5	5.5	4.5	13.1
2004	66.2	10.2	3.3	11.1	1.9	9.0	1.7	3.3	1.6	5.5	4.7	13.1
2005	67.6	10.5	3.6	11.1	1.9	9.0	1.9	3.4	1.6	5.4	4.7	13.8
2006	68.0	10.9	3.6	9.7	2.1	9.3	2.0	3.8	1.4	5.3	4.8	14.5
2007	69.0	11.1	3.2	9.3	2.3	9.7	1.9	4.0	1.4	5.6	5.0	14.9
2008	67.8	11.0	2.4	9.4	2.3	9.3	1.8	4.0	1.2	5.5	5.0	15.3
2009	66.1	10.8	1.9	8.9	2.3	8.7	1.7	4.1	1.2	5.5	4.8	15.5
2010	66.7	11.1	1.9	8.8	2.3	8.7	1.7	4.1	1.2	5.6	4.8	15.6
2011	67.4	11.0	2.4	8.8	2.4	8.7	1.7	4.1	1.2	5.7	4.9	15.8
2012	68.0	10.9	2.5	8.7	2.4	8.8	1.7	4.2	1.3	5.8	4.9	15.9
2013	68.7	10.9	2.6	8.7	2.5	9.0	1.7	4.2	1.3	5.9	4.9	16.2
2014	69.6	10.9	2.7	8.7	2.5	9.2	1.7	4.3	1.4	6.0	5.0	16.4
2015	70.5	10.9	2.8	8.7	2.6	9.4	1.7	4.4	1.4	6.1	5.0	16.7
2016	71.4	10.8	2.8	8.8	2.6	9.6	1.8	4.4	1.5	6.2	5.1	16.9
2017	72.2	10.8	2.8	8.8	2.7	9.8	1.8	4.5	1.5	6.4	5.1	17.2
2018	73.1	10.7	2.8	8.9	2.7	10.0	1.8	4.5	1.5	6.5	5.1	17.5
2019	74.0	10.7	2.9	8.9	2.8	10.2	1.8	4.6	1.6	6.7	5.2	17.8
2020	74.9	10.7	2.9	8.9	2.8	10.4	1.8	4.7	1.6	6.9	5.2	18.1
2021	75.9	10.7	3.0	9.0	2.9	10.6	1.8	4.7	1.6	7.1	5.2	18.3
2022	76.8	10.7	3.0	9.0	2.9	10.8	1.8	4.8	1.6	7.4	5.3	18.6
2023	77.8	10.6	3.0	9.1	3.0	11.0	1.8	4.8	1.7	7.6	5.3	18.9
2024	78.7	10.6	3.0	9.1	3.1	11.2	1.8	4.9	1.7	7.8	5.3	19.1
2025	79.6	10.5	3.1	9.2	3.1	11.4	1.9	4.9	1.7	8.0	5.3	19.4
2026	80.5	10.5	3.1	9.2	3.2	11.6	1.9	5.0	1.8	8.2	5.4	19.6
2027	81.3	10.5	3.0	9.2	3.2	11.8	1.9	5.1	1.8	8.4	5.4	19.9
2028	82.2	10.4	3.0	9.3	3.3	12.0	1.9	5.1	1.8	8.6	5.4	20.1
2029	83.0	10.4	3.0	9.3	3.3	12.2	2.0	5.2	1.9	8.7	5.5	20.4
2030	83.9	10.4	3.0	9.4	3.3	12.4	2.0	5.2	1.9	8.9	5.5	20.7
2031	84.8	10.5	3.0	9.4	3.4	12.6	2.0	5.3	2.0	9.0	5.5	21.0
2032	85.6	10.4	3.0	9.4	3.4	12.8	2.1	5.3	2.0	9.2	5.5	21.2
2033	86.3	10.3	3.0	9.5	3.5	13.0	2.1	5.3	2.1	9.4	5.6	21.5
2034	87.1	10.3	2.9	9.5	3.5	13.2	2.1	5.4	2.1	9.5	5.6	21.8
2035	87.9	10.2	2.9	9.5	3.6	13.4	2.1	5.4	2.1	9.6	5.6	22.1





County Economic and Demographic Indicators

Projected Economic Growth (2010-2015)

Expected retail sales growth:	16.2 %
Expected job growth:	5.8 %
Fastest growing jobs sector:	Construction
Expected personal income growth:	15.5 %

Expected population growth:	9.5 %
Net migration to account for:	28.5 %
Expected growth in number of vehicles:	5.5 %

Demographics (2009)

Unemployment rate (December):	19.8 %
County Rank* in California (58 counties):	54th
Working age (16-64) population:	64.3 %

Population with B.A. Degree or higher:	11.1 %
Median Home Selling Price:	\$106,464
Median Household Income:	\$44,901

Quality of Life

Violent Crime rate (2008):	608 per 100,000 persons
County Rank* in California (58 counties):	47th
Average Commute Time to work (2009):	27.2 minutes

High School drop out rate (2008):	17.5 %
Households at/below poverty line:	16.7 %

* The county ranked 1st corresponds to the lowest rate in California